

LYON COUNTY

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS**

JUNE 30, 2014

*De Noble, Austin & Company PC
Certified Public Accountants
Rock Rapids, Iowa*

Table of Contents

	<u>Page</u>
Officials	1
Independent Auditor's Report	2-4
Management's Discussion and Analysis	5-16
Basic Financial Statements:	<u>Exhibit</u> 17
Government-Wide Financial Statements:	
Statement of Net Position	A 18-19
Statement of Activities	B 21
Governmental Fund Financial Statements:	
Balance Sheet	C 22-23
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D 25
Statement of Revenues, Expenditures and Changes in Fund Balances	E 26-26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F 28
Proprietary Fund Financial Statements:	
Statement of Net Position	G 29
Statement of Revenues, Expenses and Changes in Fund Net Position	H 30
Statement of Cash Flows	I 31
Fiduciary Fund Financial Statement:	
Statement of Fiduciary Assets and Liabilities – Agency Funds	J 32
Notes to Financial Statements	33-51
Required Supplementary Information:	53
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds	54
Budget to GAAP Reconciliation	55
Notes to Required Supplementary Information – Budgetary Reporting	56
Schedule of Funding Progress for the Retiree Health Plan	57
Supplementary Information:	<u>Schedule</u> 59
Nonmajor Governmental (Special Revenue) Funds:	
Combining Balance Sheet	1 60-61
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2 62-63
Agency Funds:	
Combining Schedule of Fiduciary Assets and Liabilities	3 64-65
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4 66-67
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5 68-69
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	71-74
Schedule of Findings	75-86
Staff	87

LYON COUNTY

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires/Expired</u>
Randy Bosch	Board of Supervisors	December 31, 2014
Steve Michael	Board of Supervisors	December 31, 2014
Kirk Peters	Board of Supervisors	December 31, 2014
Mark Behrens	Board of Supervisors	December 31, 2016
Merle Koedam	Board of Supervisors	December 31, 2016
Stewart VanderStoep	County Sheriff	December 31, 2016
Jennifer Smit	County Auditor	December 31, 2016
Richard Heidloff	County Treasurer	December 31, 2014
Eldon Kruse	County Recorder	December 31, 2014
Shayne Mayer	County Attorney	December 31, 2014
Fred Christians	County Assessor	December 31, 2015
Jody Folkens	County Health Services Administrator	Indefinite
Lisa Rockhill	County Central Point Coordinator	Indefinite
Steve Simons	County Economic Development Director	Indefinite
Craig Van Otterloo	County Conservation Director	Indefinite
Laura Sievers	County Engineer	Indefinite

DE NOBLE, AUSTIN & COMPANY PC

Certified Public Accountants

111 S. Story Street
Rock Rapids, IA 51246
www.denoblepc.com

MEMBERS
American Institute - Certified Public Accountants
Private Companies Practice Section
Iowa Society - Certified Public Accountants

Phone : (712) 472-2549
Fax : (712) 472-2540
Email : cpas@denoblepc.com

Independent Auditor's Report

To the Officials of Lyon County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lyon County, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Lyon County as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 16 and 53 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lyon County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine fiscal years ended June 30, 2013 (which are not presented herein) and expressed unqualified opinions on those financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 16, 2015 on our consideration of Lyon County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Lyon County's internal control over financial reporting and compliance.

De Noble, Austin & Company PC

De Noble & Company PC
d/b/a De Noble, Austin & Company PC
Certified Public Accountants

February 16, 2015

MANAGEMENT'S DISCUSSION & ANALYSIS

Lyon County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

FISCAL YEAR 2014 FINANCIAL HIGHLIGHTS

- The County's governmental fund revenues for fiscal year 2014 were \$13,821,015 compared to \$12,968,129 in fiscal year 2013, an increase of \$852,886, or 6.58%. Property and other county tax for fiscal year 2014 was \$6,057,819, compared to \$5,843,719 in fiscal year 2013, an increase of \$214,100, or 3.66%. Local option sales tax for fiscal year 2014 was \$569,653, compared to \$616,018 in fiscal year 2013, a decrease of \$(46,365), or (7.53)%. Tax increment financing for fiscal year 2014 was \$580,480, compared to \$335,741 in fiscal year 2013, an increase of \$244,739, or 68.80%. Intergovernmental revenues for fiscal year 2014 were \$5,045,593, compared to \$4,697,199 in fiscal year 2013, an increase of \$348,394, or 7.42%. Charges for services for fiscal year 2014 was \$923,743, compared to \$866,816 in fiscal year 2013, an increase of \$56,927, or 6.57%.
- The County's governmental fund expenditures for fiscal year 2014 were \$12,368,131, compared to \$11,925,741 in fiscal year 2013, an increase of \$442,390 or 3.71%. The expenditure function classifications with the largest increases were roads and transportation and county environment and education with increases of \$774,847, or 19.39% and \$180,040, or 21.75%, respectively. The expenditure function classifications with the largest decreases were public safety and legal services, mental health and governmental services to residents with decreases of \$(218,902), or (7.16)%, \$(95,235), or (22.33)% and \$(66,427), or (12.41)%, respectively.
- The County's total governmental fund balances increased by \$1,513,322, or 21.66%, from \$6,988,273 to \$8,501,595 during fiscal year 2014. The County's total governmental fund balances increased by \$1,046,905, or 17.62%, from \$5,941,368 to \$6,988,273 during fiscal year 2013.
- Revenues of the County's governmental activities decreased by \$(1,612,624), or (9.82)%. The decline in revenues overall was the result of the following changes during fiscal year 2014 from fiscal year 2013: charges for services decreased by \$(323,670); operating grants, contributions and restricted interest increased by \$1,606; capital grants, contributions and restricted interest decreased by \$(1,715,287); and general revenues increased by \$424,727.
- Expenses of the County's governmental activities increased by \$536,331, or 4.47%. The main areas expenses increased were in the capital projects function, which increased by \$487,086, and the roads and transportation function, which increased by \$107,519. The area which had the largest decrease in expenses was the mental health function, which decreased by \$(96,001).
- The County's government-wide net position for governmental activities for fiscal year 2014 was \$41,372,789, compared to \$39,091,463 in fiscal year 2013, an increase of \$2,281,326, or 5.84%, during fiscal year 2014 (fiscal year 2013 had an increase of \$4,430,281, or 12.78%).

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.
- The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Lyon County as a whole and present an overall view of the County's finances.
- The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Lyon County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Lyon County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).
- Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.
- Supplementary information provides detailed information about the nonmajor governmental Special Revenue Funds and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-Wide Financial Statements

One of the most important questions asked about the County's finances is "Is the County as a whole better off or worse as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents all of the County's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program current activities, interest on long-term debt and minor capital projects. Property tax and state and federal grants finance most of these activities

Fund Financial Statements

The County has three kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of these funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services, Secondary Roads and County Tax Increment Financing, and 3) the Debt Service Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) Proprietary funds account for the County's Internal Service Fund, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

- 3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for E911, Emergency Management Services, the County Assessor, and all the tax funds necessary to collect and distribute property taxes to schools, cities, townships and several other taxing authorities, to name a few.

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Lyon County's combined net position increased \$2,281,326, or 5.84%, during this fiscal year. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities		
	June 30, 2014	June 30, 2013
Current and Other Assets	\$ 17,791,682	\$ 16,822,096
Capital Assets	31,726,106	30,895,116
Total Assets	49,517,788	47,717,212
Other Liabilities	7,004,411	7,361,371
Long-Term Liabilities	1,140,588	1,264,378
Total Liabilities	8,144,999	8,625,749
Net Position:		
Net Investment in Capital Assets	31,031,106	29,980,116
Restricted	7,084,438	6,501,579
Unrestricted	3,257,245	2,609,768
Total Net Position	\$ 41,372,789	\$ 39,091,463

The increase in "current and other assets" was mainly due to increases in cash, cash equivalents and pooled investments; succeeding year property tax receivables; and accounts receivable. "Other liabilities" decreased as a result of smaller amounts in accounts payable; due to other governments and deferred revenues for succeeding year tax increment financing receivables. The overall decrease in "other liabilities" was partially offset by an increase in succeeding year property tax receivables. "Long-term liabilities" decreased due to payments made on existing long-term debt (primarily general obligation bonds).

The largest portion of the County's net position, (75.00%), is "invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt." The debt related to the investment in capital assets is liquidated with resources other than capital assets. "Restricted net position," (17.12% of the County's net position), represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. "Unrestricted net position," (the remaining 7.88% of the County's net position) – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$647,477, or 24.81%, during fiscal year ended June 30, 2014, compared to a decrease of \$(636,353), or (19.60)%, during fiscal year ended June 30, 2013. The large increase, which was essentially an offset of the fiscal year ended June 30, 2013 decrease, is primarily a result of the General Basic Fund's unrestricted net position increasing on a full accrual basis.

Changes in Net Position of Governmental Activities		
	Year Ended June 30, 2014	Year Ended June 30, 2013
Revenues:		
Program Revenues:		
Charges for Service	\$ 1,637,584	\$ 1,961,254
Operating Grants, Contributions and Restricted Interest	3,986,474	3,984,868
Capital Grants, Contributions and Restricted Interest	1,177,611	2,892,898
General Revenues:		
Property Tax Levied for:		
General Purposes	5,828,535	5,613,102
Debt Service	229,498	230,608
Hotel/Motel Tax	146,098	150,387
Local Option Sales Tax	569,653	616,018
Tax Increment Financing	580,480	335,741
Interest and Penalty on Property Tax	25,110	22,983
State Tax Credits	261,818	255,638
Grants and Contributions not Restricted to Specific Purposes	103,746	90,356
Unrestricted Investment Earnings	99,086	96,545
Rents	54,078	46,418
Gain on Disposal of Capital Assets	100,836	93,915
Other General Revenues	7,776	30,276
Total Revenues	<u>14,808,383</u>	<u>16,421,007</u>
Program Expenses:		
Public Safety and Legal Services	2,985,560	2,966,026
Physical Health and Social Services	797,309	837,823
Mental Health	332,633	428,634
County Environment and Education	966,953	883,987
Roads and Transportation	5,051,889	4,944,370
Governmental Services to Residents	478,133	506,084
Administration	1,109,945	1,101,836
Non-Program Current	85,632	85,741
Interest on Long-Term Debt	22,662	26,970
Capital Projects	696,341	209,255
Total Expenses	<u>12,527,057</u>	<u>11,990,726</u>
Increase in Net Position	2,281,326	4,430,281
Net Position Beginning of Year	<u>39,091,463</u>	<u>34,661,182</u>
Net Position End of Year	<u>\$ 41,372,789</u>	<u>\$ 39,091,463</u>

Lyon County decreased the total countywide property tax levy rate by 0.06203 per \$1,000 of valuation and kept the rural property tax levy rate the same. Taxable valuation by levy, actual levy rate per \$1,000 of valuation and total dollars levied are as follows:

	Taxes Levied Fiscal Year 2014	Taxes Levied Fiscal Year 2013
Countywide Taxable Valuation (*)	\$ 723,916,406	\$ 669,222,781
Countywide Levy Rate Without Debt Service	5.30904	5.06643
Dollars Levied Without Debt	3,647,844	3,390,570
Countywide Taxable Valuation for Debt Service (*)	768,545,696	701,839,818
Countywide Debt Service Levy	.30911	.34000
Dollars Levied for Debt Service	237,565	238,626
Total Countywide Levy Rate	5.34815	5.40643
Total Dollars Levied Countywide	3,885,409	3,629,196
Rural Taxable Valuation (*)	548,848,003	503,062,190
Rural Service Tax Levy	3.35451	3.75198
Dollars Levied for Rural Area Only	1,841,116	1,887,479
Total Levy Rate (All Property Taxes)	8.70266	9.15841
Total Dollars Levied (All Property Taxes)	5,726,525	5,516,675

(*) Note: Taxable valuation is value without Gas & Electric Utilities

Taxable Valuation History				
Fiscal Year	Based on January 1st Values	Countywide Valuation	Debt Service Valuation	Rural Service Valuation
FY 2013/2014	January 1, 2012	\$ 723,916,406	768,545,696	548,848,003
FY 2012/2013	January 1, 2011	669,222,781	701,839,818	503,062,190
FY 2011/2012	January 1, 2010	614,060,919	632,781,735	453,312,849
FY 2010/2011	January 1, 2009	588,931,440	606,553,674	431,053,746
FY 2009/2010	January 1, 2008	533,205,168	546,288,981	394,351,034
FY 2008/2009	January 1, 2007	504,398,243	515,882,898	371,879,575
FY 2007/2008	January 1, 2006	499,802,094	509,735,486	367,391,981
FY 2006/2007	January 1, 2005	492,338,833	501,828,733	359,466,942
FY 2005/2006	January 1, 2004	447,077,945	454,922,084	324,204,340
FY 2004/2005	January 1, 2003	442,415,580	450,267,510	321,739,429

- Lyon County's fiscal year 2014 countywide taxable valuation (without utilities) increased \$54,693,625, or 8.17%, from fiscal year 2013; the debt service taxable valuation increased \$66,705,878, or 9.50%, from fiscal year 2013; and the rural service valuation increased \$45,785,813 or 9.10%, from fiscal year 2013.

- Taxable value is the property value used for computing property taxes. It is the fully assessed valuation reduced by any applicable tax abatement and statewide rollback factors. Residential, commercial and industrial property is based on fair market value and agricultural property is based on productivity and net earnings capacity value. Lyon County's valuations decreased sharply in fiscal year 2004/2005 due to the Iowa Department of Revenue's productivity formula on agricultural property. Each county has an average productivity value. This value is based on a 5-year average of annual Iowa Crop and Livestock Reporting Service census data. The data is updated every odd-numbered year using the past 5 years of data. Iowa Code Section 441.21(1)e states "value of agricultural property shall be determined on the basis of productivity and net earnings capacity.....applied uniformly among counties and among classes of property". Since the decrease in fiscal year 2004/2005, the County's taxable valuation has increased each fiscal year.
- The amount of the costs financed by users (charges for services) decreased by \$(323,670), or (16.50)%. The decrease in this type of revenue was mainly a result of a decline in charges for services generated by the roads and transportation function, which decreased from \$494,460 in fiscal year 2012/2013 to \$172,337 in fiscal year 2013/2014, a decrease of \$(322,123), or (65.15)%.
- Operating grants, contributions and restricted interest increased by \$1,606, or .04%.
- Capital grants, contributions and restricted interest decreased by \$(1,715,287), or (59.29)%. The functions that had decreases were the county environment and education function decreased by \$(68,545) and the roads and transportation function decreased by \$(1,646,742).
- General revenues increased by \$424,727, or 5.60%. Property and other county tax revenues levied for general purposes increased by \$215,433 and tax increment financing increased by \$244,739. Local option sales tax decreased by \$(46,365).
- Expenses of the County's governmental activities increased by \$536,331, or 4.47%. Expenses increased in the capital projects function, which was higher by \$487,086, and the roads and transportation function, which was higher by \$107,519. The expense area which had the largest decrease was the mental health function, which decreased by \$(96,001).

INDIVIDUAL MAJOR FUND ANALYSIS

Lyon County uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

As Lyon County completed fiscal year 2014, its governmental funds reported a combined fund balance of \$8,501,595. This is in comparison to last fiscal year when the combined fund balance was \$6,988,273. This is an increase of \$1,513,322 from last year, or 21.66%. The following are the major reasons for the changes in fund balances of the major governmental funds from the prior year.

- **GENERAL FUND:** The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. The general operating expenses are paid from this fund. The General Fund ending fund balance was \$2,524,736. This is in comparison to last fiscal year when the fund balance was \$1,987,148. This is an increase of \$537,588 from last year, or 27.05%.

For fiscal year 2014, expenditures totaled \$5,018,812 (fiscal year 2013 = \$5,388,766), a decrease of \$(369,954), or (6.87)%; operating transfers out totaled \$188,492 (fiscal year 2013 = \$179,260); sale of capital assets totaled \$0 (fiscal year 2013 = \$475); and revenues totaled \$5,744,892 (fiscal year 2013 = \$5,488,343), an increase of \$794,137, or 14.70%. The General Fund levy for fiscal year 2014 was 3.50000 (fiscal year 2013 = 3.50000); the maximum amount allowed by law is 3.50000. The General Supplemental Fund levy was 1.20000 for both fiscal year 2014 and 2013. The General Supplemental Fund is used when the basic levy is not sufficient to meet the County's needs. Expenditures the board may certify for the General Supplemental Fund are listed in Iowa Code Section 331.424.

- Current property and other tax revenues increased primarily due to an increase in valuations.
 - Hotel/Motel Tax increased from \$111,806 in fiscal year 2013 to \$150,007 in fiscal year 2014, a \$38,201, or 34.16% increase.
 - Intergovernmental revenues decreased significantly due to a drop in federal and state grants/entitlements.
 - Charges for services and reimbursements from private sources revenues increased during fiscal year 2014.
 - Public safety and legal services expenditures decreased significantly due to the law enforcement communications area (primarily due to the purchase of an MCC5500 Console for \$270,491 in fiscal year 2013).
 - County environment and education increased significantly due to the purchase of new equipment in fiscal year 2014 (primarily the purchase of a utility tractor and a Ford pickup).
 - The June 30, 2014 fund balance of \$2,524,736 is comprised of \$29,403 in nonspendable balances (inventories and prepaid expenditures/lease), \$432,834 in restricted balances (supplemental levy purposes, jail improvements/courthouse security and hotel/motel tax purposes) and \$2,062,499 in unassigned balance.
- **MENTAL HEALTH FUND:** The Mental Health Fund is used to account for property tax and other revenues designated to be used for mental health, mental retardation, and developmental disabilities services. The Mental Health ending fund balance was \$500,443 at June 30, 2014. This is in comparison to last fiscal year when the ending fund balance was \$210,300. This is an increase of \$290,143 from last year, or 137.97%. For fiscal year 2014, expenditures totaled \$331,318 (fiscal year 2013 = \$426,533), a decrease of \$(95,215), or (22.32)%, and revenues totaled \$621,461 (fiscal year 2013 = \$457,009), an increase of \$164,452, or 35.98%. The mental health property tax levy for fiscal year 2013/2014 was 0.33904 (fiscal year 2012/2013 = 0.36643).
 - Lyon County entered into a 28E Agreement with Osceola County in fiscal year 2004 to share a Central Point Coordinator. The 28E Agreement continued in fiscal year 2014 with Osceola County paying Lyon County 1/3 of the CPC salary including IPERS and FICA.
 - Intergovernmental revenues and mental health expenditures both dropped significantly due to a transition in Iowa Mental Health operations at the county level due to the passage of Senate File 2315, the Mental Health and Disability (MH/DS) Redesign bill.
 - **RURAL SERVICES FUND:** The Rural Service Fund accounts for property tax and other revenues used to provide services, which are primarily intended to benefit those persons residing in the county outside of incorporated city areas, including secondary road services, but excluding services financed by other statutory funds. The Rural Service ending fund balance was \$1,257,007 at June 30, 2014. This is in comparison to last fiscal year when the ending fund balance was \$1,281,504.

This is a decrease of \$(24,497) from last year, or (1.91)%. For fiscal year 2014, expenditures totaled \$945,191 (fiscal year 2013 = \$951,087), a decrease over last year of \$(5,896), or (0.62)%; operating transfers out totaled \$1,730,509 (fiscal year 2013 = \$1,592,757), an increase of \$137,752, or 8.65%; and revenues totaled \$2,651,203 (fiscal year 2013 = \$2,735,967), a decrease over last year of \$(84,764), or (3.10)%. The levy for fiscal year 2014 was 3.75198 (fiscal year 2013 = 3.75198). The maximum allowed by law is 3.95000.

- Beside property and other county tax dollars collected, local option sales tax and contract law enforcement are the other major revenue sources that are deposited in this fund. Major expenditures in this fund are law enforcement patrol, libraries support, zoning and environmental/sanitarian.
- Current property tax revenues increased due to an increase in valuations.
- **SECONDARY ROADS FUND:** The Secondary Roads Fund is used to account for secondary roads construction and maintenance. The Secondary Roads ending fund balance was \$4,349,267 at June 30, 2014. This is in comparison to last fiscal year when the ending fund balance was \$3,782,629. This is an increase of \$566,638 from last year, or 14.98%. For fiscal year 2014, expenditures totaled \$5,043,767 (fiscal year 2013 = \$3,904,400), an increase from last year of \$1,139,367, or 29.18%; fiscal year 2014 revenues totaled \$3,760,966 (fiscal year 2013 = \$3,586,630), an increase of \$174,336, or 4.86%; fiscal year 2014 transfers received totaled \$1,789,001 (fiscal year 2013 = \$1,642,017), an increase of \$146,984, or 8.95%; and fiscal year 2014 sale of capital assets totaled \$60,438 (fiscal year 2013 = \$4,042), an increase of \$56,396, or 1395.25%.
 - Revenues increased mainly due to the amounts of intergovernmental proceeds (FEMA grant revenue).
 - Expenditures in the roads and transportation function increased mainly due to an increase in costs in the following areas: roadway maintenance (roads) and administration.
 - Expenditures in the capital projects function increased during fiscal year 2014 due to TIF related road and bridge improvement projects.
- **COUNTY TAX INCREMENT FINANCING:** The County Tax Increment Financing Fund is used to account for the collection of tax increment financing revenues within County urban renewal areas, the payment of tax increment financing dollars collected to a couple of qualifying businesses and the payment of infrastructure related costs within Lyon County that are eligible to be paid from a County urban renewal area. The ending fund balance at June 30, 2014 in the County T.I.F. Fund was \$(440,000). This is in comparison with the ending fund balance of \$(494,850) last fiscal year. This is an increase of \$54,850 during fiscal year 2014. Fiscal year 2014 revenues totaled \$580,480 in tax increment financing collections (\$85,632 for rebate tax increment financing agreements and \$250,000 for eligible County infrastructure costs). Fiscal year 2013 expenditures totaled \$594,816 (\$85,632 for rebates to a couple of businesses in County urban renewal areas and \$509,075 for infrastructure related costs in a County urban renewal area).
 - The \$440,000 unassigned deficit fund balance at June 30, 2014 is the result of an interfund loan payable to the Secondary Roads Fund.
- **DEBT SERVICE FUND:** The Debt Service Fund is used to account for property tax and other revenue designed to retire debt. The Debt Service Fund pays for the interest and principal due on the Law Enforcement Center general obligation bonds.

The Debt Service Fund ending fund balance was \$8,269 at June 30, 2014. This is in comparison to last fiscal year when the ending fund balance was \$10,796. This is a \$(2,527) decrease from last year, or (23.41)%. For fiscal year 2014, expenditures totaled \$243,002 (fiscal year 2013 = \$242,323), an increase from last fiscal year of \$679, or 0.28%, and revenues totaled \$221,518 (fiscal year 2013 = \$241,842), a decrease from last fiscal year of \$(20,324), or (8.40)%. Activity for fiscal year 2014 was as follows: tax collection and credits of \$240,231, interest income of \$265, principal payment of \$220,000, interest payments of \$22,523, and bond administration fees of \$500.

- **OTHER SPECIAL REVENUE FUNDS:** The other Special Revenue Funds, which include Resource Enhancement and Protection, County Recorder's Records Management, Sheriff's Asset Forfeiture, CS Projects & Conservation Land Acquisition Trust, Well Closing Trust, Economic Development, County Attorney Incentive, and Revolving Loans – Development Projects are classified as non-major Special Revenue Funds.

Budgetary Highlights

In accordance with Iowa Code Section 331.434, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds, except Internal Service and Agency Funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Over the course of fiscal year 2014, Lyon County amended its budget two times.

The first amendment was adopted October 28, 2013 and resulted in an increase in budgeted disbursement of \$771,316. Reasons for this amendment were increased expenditures for the conservation's purchase of land for \$77,836, additional costs of seasonal sites of \$55,000, Oktoberfest for \$6,600, an increase in workers comp of \$2,665 and other park improvements of \$16,425; secondary roads paid for a microseal road project of \$207,000, increase in workers comp of \$48,580, payment of \$50,000 to Iowa Department of Transportation for Farm-to-Market projects, investigate costs of \$3,420 and costs related to a heavy May rain event of \$194,000; economic development costs for a housing study of \$7,000 and increase in workers comp of \$1,250; board of control paid start up money for the Economic Development Consortium of \$50,000; nondepartmental payments for an increase in workers comp of \$14,940, transfer of \$21,700 and project costs by the board of control-casino for \$14,900.

The second amendment was adopted on May 12, 2014 and resulted in an increase in budgeted disbursements of \$72,941. The reasoning for this amendment was the auditor purchased election license and maintenance for \$9,030; conservation park seeding of \$15,961; payments by health services for hospital coalition grant and physical therapy for \$16,600; board control costs of gas feasibility study \$10,000; payments by courthouse for fiber line costs, Solutions maintenance and IT for \$7,500; and economic development's strategic plan study, mileage and small solutions impact analysis for \$4,900; board control purchased fire alarm/security system for \$26,500; various payments for nondepartmental contracts including the audit, SHEILD and HR contract fees of \$28,780, juvenile shelter costs of \$3,700 and to remove the originally budgeted Anex project of \$50,000.

Lyon County budgets on a cash accounting basis. In fiscal year 2014, Lyon County budgeted (after final amendments) \$13,479,933 for receipts, \$13,558,912 for disbursements, \$2,000 for other financing sources, and budgeted an ending cash balance of \$5,145,177. Lyon County actually finished the year with receipts of \$13,809,471, disbursements of \$12,733,194, other financing sources of \$60,438, and an ending cash balance of \$7,063,245.

Capital Assets

Lyon County concluded fiscal year 2014 with \$44,895,306 invested in a broad range of capital assets, including public safety equipment, buildings, park activities, roads and bridges. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Capital Assets of Governmental Activities at Year End		
	June 30, 2014	June 30, 2013
Land	\$ 2,039,604	1,882,118
Buildings & Improvements	7,537,243	7,536,240
Machinery, Equipment & Vehicles	10,472,246	10,308,948
Infrastructure	23,700,660	22,249,250
Construction in Progress	1,145,553	802,310
Total	<u>\$ 44,895,306</u>	<u>42,778,866</u>

This year's major asset additions included:

Ambulance:

No Major Assets

Secondary Roads:

Forks-Loader: \$9,000

2013 Wheel Loader: \$232,670

2003 Int Dump Truck: \$27,000

2014 Ford Explorer XLT: \$32,934

Box Culvert #114-Elgin: \$69,280

Box Culvert #46Y-Grant: \$132,668

Box Culvert #49R-Lyon: \$108,578

Box Culvert #50R-Lyon: \$126,376

Box Culvert #57R-Richland: \$112,590

BHOS-CO60(85)-5N: \$834,368

Proj. L-2—2010-73-84: \$67,550

Little Rock Shop Land: \$79,650

2014 Vermeer Disc Mower: \$9,250

Conservation:

Kanengieter Land: \$77,836

2013 Ford F150: \$28,905

JD 5085E Utility Tractor: \$50,458

Courthouse:

Fire Alarm/Panic Alarm: \$13,379

Fire Alarm/Panic System: \$6,229

Sheriff:

Digital Remote Control: \$5,051

2014 Ford Explorer: \$32,210

Body Bag: \$7,238

2014 Chevy Impala: \$28,895

New Radio System: \$8,092

K9 Car Unit/Install: \$10,167

The County had depreciation expense of \$1,573,672 in fiscal year 2014 and total accumulated depreciation of \$13,169,200 as of June 30, 2014.

Long-Term Debt

Lyon County issued \$1,540,000 in General Obligation Refunding Bonds, Series 2011A dated March 15, 2010 with the interest rate at 2% - 2.95%. Final principal payment will be due June 1, 2017. The paying agent is Bankers Trust of Des Moines. On June 30, 2014, Lyon County's outstanding debt for general obligation bonds was \$695,000; compared to \$915,000 on June 30, 2013.

Outstanding Long-Term Debt of Governmental Activities at Year-End

	June 30, 2014	June 30, 2013
Net OPEB Liability	\$ 106,870	66,481
Compensated Absences	283,572	282,897
General Obligation Bonds	695,000	915,000
Total	<u>\$ 1,085,442</u>	<u>1,264,378</u>

The Constitution of the State of Iowa limits the amount of general obligation debt (as determined by State of Iowa regulations) counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits this figure is 100% valuation less military exemptions). Lyon County's outstanding general obligation debt at June 30, 2014 of \$1,135,000 (general obligation bonds of \$695,000 and interfund TIF debt of \$440,000 – Note 3) is significantly below its constitutional debt limit of approximately \$61 million. Additional information about the County's long-term debt is presented in Notes 7 and 10 to the financial statements.

Economic Factors

Lyon County's elected and appointed officials/departments heads considered many factors when setting the fiscal year 2015 budget, tax rates, and the fees that will be charged for various County activities. One of those factors is the economy. Unemployment in Lyon County in December 2014 was at 2.4% (December 2013 was at 2.4%). This compared with the State's December 2014 unemployment rate of 4.1% (December 2013 was at 4.2%). Another significant factor is property taxable valuations. The valuations for fiscal year 2014/2015, excluding gas and electric utility valuations, were as follows: countywide valuation = \$786,892,394 (increase of \$62,975,988 from FY 2013/2014); debt service valuation = \$829,156,613 (increase of \$60,610,917 from FY 2013/2014); and rural service valuation = \$597,860,618 (increase of \$49,012,615 from FY 2013/2014).

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Lyon County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Jennifer Smit
Lyon County Auditor
206 South 2nd Avenue
Rock Rapids, Iowa.

jsmit@co.lyon.ia.us
(712) 472-8517

Lyon County Board of Supervisors:

Steve Michael	District #1	Term: 1-1-2011 to 12-31-2014
Merle Koedam	District #2	Term: 1-1-2013 to 12-31-2016
Mark Behrens	District #3	Term: 1-1-2013 to 12-31-2016
Randy Bosch	District #4	Term: 1-1-2011 to 12-31-2014
Kirk Peters	District #5	Term: 1-1-2011 to 12-31-2014

Sources: Unemployment: <http://www.iowaworkforce.org> <http://iwin.iwd.state.ia.us>
Consumer Price index (Bureau of Labor Statistics): <http://data.bls.gov>
State Auditor's Office: <http://auditor.iowa.gov>

Lyon County

Basic Financial Statements

Lyon County

Statement of Net Position

June 30, 2014

	Governmental Activities
Assets	
Cash, Cash Equivalents and Pooled Investments	\$ 8,708,069
Receivables:	
Property Tax:	
Delinquent	264
Succeeding Year	5,875,594
Tax Increment Financing:	
Succeeding Year	516,206
Interest and Penalty on Property Tax	40
Accounts	582,339
Accrued Interest	2,485
Due from Agency Funds	55,701
Due from Other Governments	825,555
Inventories	1,097,038
Prepaid Expenses	74,264
Prepaid Lease	54,127
Capital Assets (Net of Accumulated Depreciation)	31,726,106
Total Assets	49,517,788
Liabilities	
Accounts Payable	530,702
Salaries and Benefits Payable	54,671
Due to Other Governments	25,452
Accrued Interest Payable	1,486
Deferred Revenue:	
Succeeding Year Property Tax	5,875,594
Succeeding Year Tax Increment Financing	516,206
Other	300

Lyon County

Statement of Net Position

June 30, 2014

Liabilities (Continued)

Long-Term Liabilities:

Portion Due or Payable Within One Year:

General Obligation Bonds	225,000
--------------------------	---------

Compensated Absences	283,572
----------------------	---------

Portion Due or Payable After One Year:

General Obligation Bonds	470,000
--------------------------	---------

Compensated Absences	55,146
----------------------	--------

Net OPEB Liability	106,870
--------------------	---------

Total Liabilities

8,144,999

Net Position

Net Investment in Capital Assets

31,031,106

Restricted for:

Supplemental Levy Purposes	318,628
----------------------------	---------

Jail Improvements/Courthouse Security	118,608
---------------------------------------	---------

Hotel/Motel Tax Purposes	79,387
--------------------------	--------

Mental Health Purposes	494,331
------------------------	---------

Rural Services Purposes	1,199,646
-------------------------	-----------

Secondary Roads Purposes	4,568,878
--------------------------	-----------

Debt Service	6,790
--------------	-------

Other Purposes	298,170
----------------	---------

Unrestricted	3,257,245
--------------	-----------

Total Net Position

\$ 41,372,789

See notes to financial statements.

Lyon County

Statement of Activities

Year Ended June 30, 2014

		Program Revenues			Net (Expense) Revenue & Changes in Net Assets
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:	Expenses				
Governmental Activities:					
Public Safety and Legal Services	\$ 2,985,560	591,372	102,457	0	(2,291,731)
Physical Health and Social Services	797,309	320,538	161,984	0	(314,787)
Mental Health	332,633	39,854	333,297	0	40,518
County Environment and Education	966,953	244,033	57,718	0	(665,202)
Roads and Transportation	5,051,889	172,337	3,330,984	1,177,611	(370,957)
Governmental Services to Residents	478,133	266,027	34	0	(212,072)
Administration	1,109,945	3,423	0	0	(1,106,522)
Non-Program Current	85,632	0	0	0	(85,632)
Interest on Long-Term Debt	22,662	0	0	0	(22,662)
Capital Projects	696,341	0	0	0	(696,341)
Total	\$ 12,527,057	1,637,584	3,986,474	1,177,611	(5,725,388)
General Revenues:					
Property and Other County Tax Levied for:					
General Purposes					5,828,535
Debt Service					229,498
Local Option Sales Tax					569,653
Hotel/Motel Tax					146,098
Tax Increment Financing					580,480
Penalty and Interest on Property Tax					25,110
State Tax Credits					261,818
Grants and Contributions Not Restricted to Specific Purpose					103,746
Unrestricted Investment Earnings					99,086
Rents					54,078
Gain on Disposal of Capital Assets					100,836
Miscellaneous					7,776
Total General Revenues					8,006,714
Change in Net Position					2,281,326
Net Assets Beginning of Year					39,091,463
Net Assets End of Year					\$ 41,372,789

See notes to financial statements.

Lyon County

Balance Sheet
Governmental Funds

June 30, 2014

	Special Revenue							Nonmajor Special Revenue	Total	
	General	Mental Health	Rural Services	Secondary Roads	County Tax Increment Financing	Debt Service				
Assets										
Cash, Cash Equivalents and Pooled Investments	\$ 2,369,847	500,811	1,158,424	2,731,313	0	8,267	294,583	7,063,245		
Receivables:										
Property Tax:										
Delinquent	141	10	104	0	0	9	0	264		
Succeeding Year	3,451,151	237,367	1,961,009	0	0	226,067	0	5,875,594		
Tax Increment Financing:										
Succeeding Year	0	0	0	0	516,206	0	0	516,206		
Interest and Penalty on Property Tax	40	0	0	0	0	0	0	40		
Accounts	315,826	339	225	37,199	0	0	8,801	362,390		
Accrued Interest	2,485	0	0	0	0	0	0	2,485		
Due from Other Governmental Funds	0	0	0	441,909	0	0	0	441,909		
Due from Agency Funds	54,990	0	0	0	0	0	711	55,701		
Due from Other Governments	129,922	14,310	110,058	570,929	0	0	336	825,555		
Inventories	10,810	65	378	1,085,785	0	0	0	1,097,038		
Prepaid Expenditures	18,593	0	0	55,671	0	0	0	74,264		
Prepaid Lease	0	0	0	54,127	0	0	0	54,127		
Total Assets	\$ 6,353,805	752,902	3,230,198	4,976,933	516,206	234,343	304,431	16,368,818		

Liabilities and Fund Balances

Liabilities:

Accounts Payable	\$ 66,500	15,042	683	240,759	0	0	640	323,624
Salaries and Benefits Payable	25,340	42	3,998	25,291	0	0	0	54,671
Due to Other Governmental Funds	0	0	1,909	0	440,000	0	0	441,909
Due to Other Governments	15,175	0	0	8,419	0	0	1,618	25,212
Deferred Revenue:								
Succeeding Year Property Tax	3,451,151	237,367	1,961,009	0	0	226,067	0	5,875,594
Succeeding Year Tax Increment Financing	0	0	0	0	516,206	0	0	516,206
Other	270,903	8	5,592	353,197	0	7	300	630,007
Total Liabilities	3,829,069	252,459	1,973,191	627,666	956,206	226,074	2,558	7,867,223

Fund Balances:

Nonspendable:								
Inventories	10,810	65	378	1,085,785	0	0	0	1,097,038
Prepaid Expenditures/Lease	18,593	0	0	109,798	0	0	0	128,391
Restricted For:								
Supplemental Levy Purposes	318,188	0	0	0	0	0	0	318,188
Jail Improvements/Courthouse Security	52,594	0	0	0	0	0	0	52,594
Hotel/Motel Tax Purposes	62,052	0	0	0	0	0	0	62,052
Mental Health Purposes	0	500,378	0	0	0	0	0	500,378
Rural Services Purposes	0	0	1,256,629	0	0	0	0	1,256,629
Secondary Roads Purposes	0	0	0	3,153,684	0	0	0	3,153,684
Debt Service	0	0	0	0	0	8,269	0	8,269
Other Purposes	0	0	0	0	0	0	142,170	142,170
Committed For:								
Conservation Purposes	0	0	0	0	0	0	13,732	13,732
Economic Development Purposes	0	0	0	0	0	0	145,971	145,971
Unassigned	2,062,499	0	0	0	(440,000)	0	0	1,622,499
Total Fund Balances	2,524,736	500,443	1,257,007	4,349,267	(440,000)	8,269	301,873	8,501,595
Total Liabilities and Fund Balances	\$ 6,353,805	752,902	3,230,198	4,976,933	516,206	234,343	304,431	16,368,818

See notes to financial statements.

Lyon County

**Reconciliation of the Balance Sheet –
Governmental Funds to the Statement of Net Position**

June 30, 2014

Total Governmental Fund Balances (Pages 22-23) **\$ 8,501,595**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$44,895,306 and the accumulated depreciation is \$13,169,200. 31,726,106

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 629,707

The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 1,657,455

Long-term liabilities, including the accrued interest payable, general obligation bonds payable, certain compensated absences payable and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (1,142,074)

Net Position of Governmental Activities (Pages 18-19) **\$ 41,372,789**

See notes to financial statements.

Lyon County

**Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds**

June 30, 2014

	Special Revenue					County Tax		Nonmajor		Total
	General	Mental Health	Rural Services	Secondary Roads	Increment Financing	Debt Service	Special Revenue			
Revenues:										
Property and Other County Tax	\$ 3,813,307	236,704	1,778,317	0	0	229,491	0	6,057,819	0	6,057,819
Local Option Sales Tax	0	0	569,653	0	0	0	0	569,653	0	569,653
Hotel/Motel Tax	150,007	0	0	0	0	0	0	150,007	0	150,007
Tax Increment Financing	0	0	0	0	580,480	0	0	580,480	0	580,480
Interest and Penalty on Property Tax	25,082	0	0	0	0	0	0	25,082	0	25,082
Intergovernmental	625,195	378,462	281,043	3,668,089	0	10,739	82,065	5,045,593	0	5,045,593
Licenses and Permits	32,895	0	19,010	9,960	0	0	0	61,865	0	61,865
Charges for Service	824,604	0	1,065	3,067	0	0	95,007	923,743	0	923,743
Use of Money and Property	143,059	0	0	720	0	265	234	144,278	0	144,278
Miscellaneous	130,743	6,295	2,115	79,130	0	0	44,212	262,495	0	262,495
Total Revenues	5,744,892	621,461	2,651,203	3,760,966	580,480	240,495	221,518	13,821,015		

Expenditures:

Operating:																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Excess (Deficiency) of Revenues Over (Under) Expenditures	726,080	290,143	1,706,012	(1,282,801)	54,850	(2,527)	(38,873)	1,452,884
Other Financing Sources (Uses):								
Sale of Capital Assets	0	0	0	60,438	0	0	0	60,438
Operating Transfers In	0	0	0	1,789,001	0	0	130,000	1,919,001
Operating Transfers Out	(188,492)	0	(1,730,509)	0	0	0	0	(1,919,001)
Total Other Financing Sources (Uses)	(188,492)	0	(1,730,509)	1,849,439	0	0	130,000	60,438
Change in Fund Balances	537,588	290,143	(24,497)	566,638	54,850	(2,527)	91,127	1,513,322
Fund Balances Beginning of Year	1,987,148	210,300	1,281,504	3,782,629	(494,850)	10,796	210,746	6,988,273
Fund Balances End of Year	\$ 2,524,736	500,443	1,257,007	4,349,267	(440,000)	8,269	301,873	8,501,595

See notes to financial statements.

Lyon County

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances -
Governmental Funds to the Statement of Activities**

Year Ended June 30, 2014

Change in Fund Balances - Total Governmental Funds (Pages 26-27)

Amounts reported for governmental activities in the Statement of Activities are different because:

\$1,513,322

Governmental funds report capital outlays as expenditures while governmental activities report depreciation/amortization expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$1,276,005	
Capital assets contributed by the Iowa Department of Transportation	1,177,611	
Depreciation expense	<u>(1,573,672)</u>	879,944

In the Statement of Activities, the gains and losses on the disposition of capital assets are reported, whereas the governmental funds report the proceeds from the disposition of capital assets as an increase in financial resources (the basis of the capital assets disposed does not affect the governmental funds).

(48,954)

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	213	
Other	<u>(308,653)</u>	(308,440)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments were as follows:

Repaid		220,000
--------	--	---------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Compensated absences	(55,820)	
Other postemployment benefits	(40,389)	
Interest on long-term debt	<u>360</u>	(95,849)

The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's employee health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.

121,303

Change in Net Position of Governmental Activities (Pages 21)\$2,281,326

See notes to financial statements.

Lyon County
Statement of Net Position
Proprietary Fund

June 30, 2014

	<u>Internal Service - Employee Group Health</u>
Assets	
Current Assets:	
Cash, Cash Equivalents and Pooled Investments	\$ 1,644,823
Accounts Receivable	<u>219,950</u>
Total Current Assets	<u>1,864,773</u>
Liabilities	
Current Liabilities:	
Accounts Payable	207,078
Due to Other Governments	<u>240</u>
	<u>207,318</u>
Net Position	
Unrestricted	<u><u>\$ 1,657,455</u></u>

See notes to financial statements.

Lyon County

**Statement of Revenues, Expenses and Changes
in Fund Net Position
Proprietary Fund**

Year Ended June 30, 2014

		Internal Service - Employee Group Health
Operating Revenues:		
Reimbursements from Governmental Funds	\$ 1,261,020	
Reimbursements from Agency Fund (Assessor)	57,440	
Reimbursements from Current Employees	113,960	
Reimbursements from Former Employees	23,100	
Insurance Reimbursements/Pharmacy Rebates	220,586	
Miscellaneous Refund	472	
Total Operating Revenues		1,676,578
Operating Expenses:		
Medical Claims	\$ 1,247,304	
Insurance Premiums	285,444	
Administrative Fees	24,522	
Certification of Insurance	100	
Chapter 509A Filing Actuarial Fee	975	
Reinsurance Assessment	13,604	
GASB 45 Actuarial Report Fee	686	
Total Operating Expenses		1,572,635
Operating Income		103,943
Non-Operating Revenues:		
Interest Income		17,360
Net Income		121,303
Net Position Beginning of Year		1,536,152
Net Position End of Year		\$ 1,657,455

See notes to financial statements.

Lyon County

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2014

	Internal Service - Employee Group Health
Cash Flows from (Used by) Operating Activities:	
Cash Received from Governmental Funds Reimbursements	\$ 1,261,020
Cash Received from Agency Fund Reimbursements	57,440
Cash Received from Employees and Others	137,060
Cash Received from Insurance Reimb./Pharmacy Rebates	75,631
Cash Received from Miscellaneous Refund	472
Cash Paid to Suppliers for Services/Charges	(1,630,794)
Net Cash Used by Operating Activities	(99,171)
Cash Flows from Investing Activities:	
Interest on Investments	17,360
Net Decrease in Cash and Cash Equivalents	(81,811)
Cash and Cash Equivalents Beginning of Year	1,726,635
Cash and Cash Equivalents End of Year	\$ 1,644,824
Reconciliation of Operating Income to Net Cash Used by Operating Activities:	
Operating Income	\$ 103,943
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities:	
Increase in Accounts Receivable	(144,955)
Decrease in Liabilities	(58,159)
Net Cash Used by Operating Activities	\$ (99,171)

See notes to financial statements.

Lyon County

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2014

Assets

Cash, Cash Equivalents and Pooled Investments:

County Treasurer	\$ 800,888
Other County Officials	52,861
Flex Spending Plan	5,476

Receivables:

Property Tax:

Delinquent	1,724
Succeeding Year	12,904,172

Tax Increment Financing:

Succeeding Year	348,882
Accounts	44,503

Due from Other Agency Fund

285

Due from Other Governments

38,829

Inventories

2,193

Prepaid Expenses

315

Total Assets

14,200,128

Liabilities

Accounts Payable

2,120

Due to County's Governmental Funds

55,385

Due to Other Agency Fund

285

Due to Other Governments

14,032,477

Trusts Payable

95,124

Compensated Absences

14,737

Total Liabilities

14,200,128

Net Position

\$ 0

See notes to financial statements.

Lyon County

Notes to Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies

Lyon County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. Appointed/hired officials and department heads that assist the Board of Supervisors include the Central Point Coordinator, Conservation Director, Engineer, Health Services Administrator and the Economic Development Director. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Lyon County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. Criteria also can include an organization's fiscal dependency on the County or if it would be significantly misleading to exclude an organization because of its relationship with the County. Lyon County has no component units which meet the Governmental Accounting Standards Board Criteria in order to be included in Lyon County's reporting entity.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Lyon County Assessor's Conference Board, Lyon County Emergency Management Commission, Lyon County Joint E911 Service Board, the Northwest Iowa Area Solid Waste Agency, the Lyon County Economic Development Consortium, YES (Youth Emergency Services), the Hazardous Material Response Commission (Region III), the Northwest Iowa Contracting Consortium and the Northwest Iowa Regional Housing Authority. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary

relationship with the organization and, as such, are reported in an Agency Fund of the County for the Assessor, Joint E911 Service and Emergency Management and not reported for the Northwest Iowa Area Solid Waste Agency, the Economic Development Consortium, YES (Youth Emergency Services), the Hazardous Material Response Commission (Region III), the Northwest Iowa Contracting Consortium and the Northwest Iowa Regional Housing Authority. During the year ended June 30, 2014, the County did not receive any revenue from or contribute/pay any money to the Region III Hazardous Material Response Commission, the Northwest Iowa Contracting Consortium, the Northwest Iowa Regional Housing Authority, or the Lyon County Economic Development Consortium. The County paid \$306 to the Northwest Iowa Solid Waste Agency for florescent bulbs disposal, \$7,800 to YES for juvenile services provided and \$44,532 in support for the Emergency Management Services. The County paid the Lyon County Economic Development Consortium \$50,000 for start-up/grant matching funds. The Joint E911 Service paid the County \$5,000 for sign work and supplies; the Emergency Management Services paid the County \$2,400 for office space rent and \$394 for phone privileges; and the County Assessor contributed \$54,440 to the County's Internal Service Fund, Employee Group Health, to participate in the County's health insurance plan.

B. Basis of Presentation

Government-Wide Financial Statements – The Statement of Net Position (previously referred to as net position) and the Statement of Activities report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Position presents the County's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds and other revenues to be used for secondary road construction and maintenance.

The Tax Increment Financing Fund is used to account for the collection of tax increment financing in county urban renewal areas. The County expends tax increment financing collections in the form of rebate payments to a couple businesses to infrastructure in the urban renewal areas and costs related improvements (roads, etc.) in an additional urban renewal district.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general obligation bonds long-term debt.

Additionally, the County reports the following funds:

Proprietary Fund – An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds – Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax and tax increment financing are recognized as revenue in the fiscal year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current fiscal year or soon enough thereafter to pay liabilities of the current fiscal year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments), charges for services, interest and certain miscellaneous revenues associated with the current fiscal year are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, any claims and judgments and compensated absences (for employees who haven't terminated employment) are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of any general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the County's policy to first apply cost-reimbursements grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund are charges to various funds, employees and others for health plan costs, insurance reimbursements and pharmacy rebates. Operating expenses for the Internal Service Fund include the cost of services and administrative related expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash Equivalents and Pooled – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and the investment in the Wells Fargo Advantage Government Money Market Fund (a money market mutual fund) where the cost and fair market value are considered equal.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax and Tax Increment Financing Receivables – Property tax and tax increment financing in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax and tax increment financing receivables are recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax and tax increment financing receivables represent taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax and tax increment financing receivables have been recorded, the related revenues are deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which each is levied.

Property tax and tax increment financing revenues recognized in these funds become due and collectible in September and March of the fiscal year with a 1 1/2% per month penalty for delinquent payments; are based on January 1, 2012 assessed property valuations; are for the tax accrual period July 1, 2013 through June 30, 2014 and reflect the tax asking contained in the budget certified by the County Board of Supervisors in March 2013.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Accounts Receivable – Accounts receivable represents money owed to the County, mainly for services provided by the County, which was not paid to the County as of June 30, 2014. The General Fund accounts receivable total includes \$106,649 in jail fee receivables and \$70,928 in ambulance charges receivables for which it is possible that a large portion of these jail fee and ambulance charges receivables may not be collected within one year.

Due from Other Governmental Funds, Due from Agency Funds, Due from Other Agency Fund, Due to Other Governmental Funds, Due to County's Governmental Funds and Due to Other Agency Fund – During the course of its operations, the County has numerous transactions between the County's governmental funds, the Employee Group Health Fund and agency funds, and between different agency funds. To the extent that certain transactions between the County's governmental funds and agency funds and between different agency funds had not been paid or received as of June 30, 2014, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the governmental funds consist mainly of expendable supplies held for consumption and some secondary roads supplies available for resale. Inventories of governmental funds are recorded as expenses/expenditures when consumed or sold rather than when purchased. Inventories in the agency funds consist of expendable supplies held for consumption and commissary items held for sale at the jail.

Prepaid Expenses/Expenditures and Prepaid Lease – Prepaid expenses/expenditures and prepaid lease represent a lease agreement and other expenses/expenditures that will benefit a future fiscal year. Prepayments are recorded as expenses/expenditures when utilized rather than when paid for.

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles (when any) and infrastructure assets acquired after July 1, 2004 (e.g., roads, bridges, drainage systems and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Intangibles	25,000
Land, Buildings and Improvements	5,000
Machinery, Equipment and Vehicles	5,000

Capital assets of the County are depreciated/amortized using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings and Building Improvements	25 – 50
Land Improvements	10 – 50
Infrastructure	10 – 65
Intangibles	3 – 40
Machinery and Equipment	3 – 15
Vehicles	3 – 10

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved or other requirements are met.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of unspent grant proceeds, revenues that have been received but are not earned as of June 30, 2014, as well as property tax receivable, charges for services receivables and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Position consists of succeeding year property tax and tax increment financing receivables that will not be recognized as revenue until the year for which each is levied and other revenues that have been received but are not earned as of June 30, 2014.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation hours and compensatory time for subsequent use or for payment upon termination, death, or retirement. Sick pay is also accumulated on a limited basis by employees for subsequent use, but is not paid upon termination, death, or retirement. A liability for the cost of vacation and compensatory time termination accumulations is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for the cost of vacation and compensatory time termination accumulations is reported in governmental fund financial statements only for employees that have resigned, retired or employment has terminated for any other reason. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services, Secondary Roads and Economic Development Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position. Bond issuance costs, if any, are reported as deferred charges and amortized over the term of the related debts.

In the governmental fund financial statements, the face amount of any debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in other classifications.

Net Position – The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, disbursements did not exceed the amount budgeted for any function or the amount appropriated for any department.

(2) **Cash, Cash Equivalents and Pooled Investments**

The County's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute and its written investment policy to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by

the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and certain joint investment trusts.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2014, the County had the following investments:

Type	Pool/Number	Maturity Date	Fair Value
FHLMC	SER 2115 CL	January 15, 2029	\$ 32,516
FHLMC	SER 1570 CL	August 15, 2023	7,891
			<u>\$ 40,407</u>

In addition, the County had investments in the Iowa Public Agency Investment Trust, which are valued at an amortized cost of \$1,002 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and investments in the Wells Fargo Advantage Government Money Market Fund (a money market mutual fund) with a carrying and fair value of \$5,137, that are not subject to risk categorization.

Interest rate risk - The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

Credit risk – The County's FHLMC investments at June 30, 2014 are rated Aaa by Moody's Investors Service. The investments in the Iowa Public Agency Investment Trust and the Wells Fargo Advantage Government Money Market Fund at June 30, 2014 are unrated.

Concentration of credit risk - The County places no limit on the amount that may be invested in any one type of investment or any single issuer, except for prime banker's acceptances and commercial paper. Each type of investment, prime banker's acceptances and commercial paper, at the time of purchase, is limited to ten percent of the total investment portfolio. No more than five percent of the total investment portfolio may be invested in the securities of a single issuer for prime banker's acceptances and commercial paper. Also, no more than five percent of the amount invested in commercial paper shall be invested in paper rated in the second highest classification. The County had no investments in prime banker's acceptances and commercial paper during the fiscal year ended June 30, 2014.

(3) Due from Other Governmental Funds, Due from Agency Funds, Due from Other Agency Fund, Due to Other Governmental Funds, Due to County's Governmental Funds, and Due to Other Agency Fund

The detail of receivables and payables between the County's different governmental funds, governmental funds and agency funds, and between different agency funds for transactions at June 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
General	Agency:	
	County Offices (Recorder, Sheriff, Conservation)	\$ 43,630
	Auto License and Use Tax	11,360
Special Revenue: Secondary Roads	Special Revenue:	
	Rural Services	1,909
	County Tax Increment Financing	440,000
County Recorder's Records Management	Agency:	711
	County Offices (Recorder)	
Agency Other (Co. Recorder's Electronic Fee)	Agency: County Offices (Recorder)	285
	Total	<u>\$ 497,895</u>

Most of these balances result from the time lag between the dates interfund goods and services are provided, reimbursable expenditures occur or money is collected in an agency fund, the transactions/collections are recorded in the accounting system, and the resulting payments are made to the County's appropriate governmental fund or agency fund.

The balance owed to the Secondary Roads Fund by the County Tax Increment Financing Fund is the result of interfund loans to help improve qualifying roadways in an urban renewal area in Lyon County. Repayments will be made on the interfund loans as tax increment financing proceeds are received.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	General	\$ 123,492
	Special Revenue: Rural Services	1,665,509
Economic Development	General	65,000
	Special Revenue: Rural Services	65,000
	Total	<u>\$ 1,919,001</u>

The Rural Services and General Fund transfers to the Secondary Roads Fund were to move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The Rural Services and General Fund transfers to the Economic Development Fund were to provide funding for the Economic Development Fund.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,882,118	157,486	0	2,039,604
Construction in Progress	802,310	1,177,611	(834,368)	1,145,553
Total Capital Assets Not Being Depreciated	2,684,428	1,335,097	(834,368)	3,185,157
Capital Assets Being Depreciated:				
Buildings	6,674,945	19,608	(18,605)	6,675,948
Improvements Other Than Buildings	861,295	0	0	861,295
Machinery, Equipment and Vehicles	10,308,948	481,870	(318,572)	10,472,246
Infrastructure	22,249,250	1,451,410	0	23,700,660
Total Capital Assets Being Depreciated	40,094,438	1,952,888	(337,177)	41,710,149
Less Accumulated Depreciation For:				
Buildings	2,076,979	168,404	(10,967)	2,234,416
Improvements Other Than Buildings	430,234	41,752	0	471,986
Machinery, Equipment and Vehicles	5,688,629	608,718	(277,255)	6,020,092
Infrastructure	3,687,908	754,798	0	4,442,706
Total Accumulated Depreciation	11,883,750	1,573,672	(288,222)	13,169,200
Total Capital Assets Being Depreciated, Net	28,210,688	379,216	(48,955)	28,540,949
Governmental Activities Capital Assets, Net	\$ 30,895,116	1,714,313	(883,323)	31,726,106

The County does not have any “intangible” capital assets as of June 30, 2014.

Depreciation expense was charged to the following functions:

Governmental Activities:

Public Safety and Legal Services	\$ 227,926
Physical Health and Social Services	701
County Environment and Education	93,582
Roads and Transportation	1,177,729
Governmental Services to Residents	14,308
Administration	59,426
Total Depreciation Expense – Governmental Activities	<u>\$ 1,573,672</u>

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. The Agency Fund collections also include accruals of property tax and other county tax (including TIF) for the succeeding year. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2014 is as follows:

Fund	Description	Amount
General	Services/Utilities	\$ 15,175
Special Revenue:		
Sheriff Asset Forfeiture	Forfeitures	1,618
Secondary Roads	Services/Utilities	8,419
Special Revenue Total		10,037
Total for Governmental Funds		\$ 25,212
Agency:		
County Offices	Collections	\$ 9,353
Agricultural Extension Education		211,376
County Assessor		399,017
Schools		9,257,688
Community Colleges		529,939
Corporations		2,726,542
Townships		318,823
Auto License and Use Tax		289,042
E911 Surcharge		205,258
E911 Operating		8,008
Emergency Management		70,411
All Other		7,020
Total for Agency Funds		\$ 14,032,477

(7) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	General Obligation Bonds	Compensated Absences	Net OPEB Liability	Total
Balance Beginning of Year	\$ 915,000	282,897	66,481	1,264,378
Increases	0	365,637	40,389	406,026
Decreases	(220,000)	(309,816)	0	(529,816)
Balance End of Year	695,000	338,718	106,870	1,140,588
Due Within One Year	\$ 225,000	283,572	0	508,572

Bonds Payable

A summary of the County's June 30, 2014 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2015	2.00%	\$ 225,000	18,122	243,122
2016	2.25%	230,000	13,060	243,060
2017	2.60%	240,000	7,080	247,080
Total		\$ 695,000	38,262	733,262

During the fiscal year ended June 30, 2014, the County retired \$220,000 in general obligation refunding bonds. The County paid interest of \$22,523 and bond administration charges of \$500. These general obligations bonds are being redeemed through the Debt Service Fund.

(8) Operating Lease Arrangement

Fair Building

On September 25, 2000, the County entered into a written agreement with the Lyon County Fair Association to share in the costs of constructing a building to be located on the fairgrounds. The building is to be owned by the Lyon County Fair Association, but under the terms of the agreement, the building can be used for storage by the County's Secondary Road Department for the majority of the year. As per the agreement, the County agreed to and paid for one-half of the building costs up to \$100,000 in 2000.

This agreement will terminate thirty years from September 25, 2000. This agreement may be extended upon such additional terms as is satisfactory to both parties. Any extension agreement and its terms must be executed prior to sixty days of the date of the termination of this agreement. Lyon County shall have the just right to refusal upon the offering of the fair building for sale. In such event, Lyon County shall have thirty days to meet any other offers for purchase.

The \$57,127, reported as a prepaid lease asset in the Statement of Net Position and the Balance Sheet (Governmental Funds) in the Secondary Roads Fund, represents the amortized value of the lease benefit remaining from July 1, 2014 until September 24, 2030.

(9) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 5.95% of their annual covered salary and the County is required to contribute 8.93% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$386,610, \$368,800, and \$347,464, respectively, equal to the required contributions for each year.

(10) Other Postemployment Benefits (OPEB)

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are 81 active and 2 retired members participating in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a self-funded medical plan administered by First Administrators, Inc. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual Required Contribution	\$ 55,310
Interest on Net OPEB Obligation	2,659
Adjustment to Annual Required Contribution	<u>(2,322)</u>
Annual OPEB Cost	55,647
Contributions Made	<u>(15,258)</u>
Increase in Net OPEB Obligation	40,389
Net OPEB Obligation Beginning of Year	<u>66,481</u>
Net OPEB Obligation End of Year	<u>\$ 106,870</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the County contributed \$15,258 to the medical plan. Plan members eligible for benefits did not make any contributions.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2014 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost	Net OPEB Obligation
2012	\$ 10,168	20.8%	26,295
2013	\$ 55,444	27.5%	66,481
2014	\$ 55,647	27.5%	106,870

Funded Status and Funding Progress. As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2014, the actuarial accrued liability was \$452,697, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$452,697. The covered payroll (annual payroll of active employees

covered by the plan) was approximately \$3,718,453 and the ratio of the UAAL to covered payroll was 12.2%. As of June 30, 2014, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the projected unit credit with linear proration to decrement actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 9.5%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 combined Mortality Table projected to 2014 using Scale AA. Annual retirement probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2012. Termination rates were set based on the historical experience of the County.

Projected claim costs of the medical plan are \$8,400 annually for single retirees and \$18,960 annually for family retirees. All coverage ceases when the retiree reaches age 65. Therefore, claim costs are not calculated for retirees over the age of 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(11) Risk Management

Lyon County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 679 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public official's liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2014 were \$173,869.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location, with excess coverage reinsured by Lexington Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2014, no liability has been recorded in the County's financial statements. As of June 30, 2014, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation in the amount of \$2,000,000, employee blanket bonding in the amount of \$200,000. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(12) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the self-funding of the County's health insurance benefit plan. The plan is funded by both employee

and County contributions and is administered through a service agreement with First Administrators, Inc. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$55,000. Claims in excess of coverage are insured through purchase of stop loss insurance from the Sun Life Assurance Company of Canada/Sun Life Financial. The stop loss insurance coverage has an unlimited maximum lifetime reimbursement per eligible participant and an annual maximum aggregate reimbursement of \$1,000,000.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees, stop loss insurance premiums and claims processed are paid to First Administrators, Inc. from the Employee Group Health Fund. The County's contributions from governmental funds to this fund for the year ended June 30, 2014 were \$1,261,020. The County Assessor contributed \$57,440 to this fund during the fiscal year.

Amounts payable from the Employee Group Health Fund at June 30, 2014 total \$207,318, which \$197,319 is for incurred but not reported (IBNR) and reported but not paid medical claims and \$9,999 for other operating fees. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$1,657,455 at June 30, 2014 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Government Accounting Standards Board Statement Number 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for medical claims for the current year is as follows:

Unpaid medical claims beginning of fiscal year	\$ 265,477
Incurred medical claims (including medical claims incurred but not reported as of June 30, 2014):	
Current and prior year events	1,247,304
Payments:	
Current and prior year events	<u>(1,315,462)</u>
Unpaid medical claims end of fiscal year	<u>\$ 197,319</u>

The change in the provision for events of prior fiscal years for incurred claims and payments on claims attributable to events of prior fiscal years is not disclosed separately. This information is not available as it was not determined by the actuary while preparing the actuarial opinion.

(13) Intergovernmental Agreement

The County has entered into an agreement with the Northwest Iowa Area Solid Waste Agency, a political subdivision created in accordance with Chapter 28E of the Code of Iowa, for disposal of solid waste produced or generated from within the County. The County did not have to

make any payments under this agreement for the fiscal year ended June 30, 2014, except for \$368 for the disposal of florescent bulbs.

State and federal laws and regulations require the Agency to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County by resolution has approved to act as a "Local Government Guarantee" in order to provide a financial assurance mechanism instrument for the Agency. The closure and postclosure costs to the Agency have been estimated at \$3,491,198 as of June 30, 2014 and the portion of the liability that has been recognized by the Agency as of June 30, 2014 is \$1,724,048. The estimated remaining life of the landfill is 41 years and the capacity used at June 30, 2014 is approximately 49 percent. The Agency has begun to accumulate resources to fund these costs. As of June 30, 2014, assets of \$1,656,370 are restricted for these purposes.

The Agency has fully demonstrated financial assurance for closure and postclosure care costs as required by Chapter 113 of the Iowa Administrative Code by establishing a dedicated fund and funding it in accordance with GASB 18 funding rules (a local government guarantee and local government financial test in place for the unfunded amounts). Also, please see the Agency's audit report for note disclosure regarding litigation between the Agency and the Iowa Attorney General. The Iowa Attorney General is seeking penalties for supposed improperly sold waste disposal. No estimate has been made as to any possible future assessments to the County.

(14) Deficit Fund Balance

The Special Revenue, County Tax Increment Financing Fund had a deficit fund balance of \$440,000 on June 30, 2014. This deficit balance is the result of qualifying road improvement costs within a County urban renewal area in excess of available funds. This deficit will be eliminated in fiscal year 2014/2015 upon collection of tax increment financing revenues.

(15) Commitments

The County has an agreement with the City of Sioux City, Iowa for the provision of hazardous materials response services. The agreement is in effect until June 30, 2018, unless terminated for cause earlier. The County is committed to pay or reimburse the City of Sioux City for all costs incurred by the City to staff and equip a HAZMAT team to respond to hazardous condition emergencies in the County. The County is also responsible for an annual base charge. Adjustments to the base amount using updated census data will be implemented in subsequent fiscal years as outlined in the agreement. The estimated annual base charges for fiscal years ending June 30, 2015-2017 are \$9,844 per year for a total of \$29,532. The payments for these charges are scheduled to be paid through Lyon County Emergency Management Services. The Emergency Management Services paid \$9,844 on this commitment during the fiscal year ended June 30, 2014.

In April 2015, the Board of Supervisors approved contracts for the construction of two new cabins at Lake Pahoja for \$225,755. The costs for the project, including the construction contract and additional interior finishings, is to be paid with \$230,000 from the General Basic Fund (\$80,000 from restricted funds - hotel/motel tax proceeds) and any additional costs above the \$230,000 will be paid by the CS Projects and Conservation Land Acquisition Trust Fund.

In June 2014, the Board of Supervisors approved a contract for a bridge project on Jay Avenue for \$257,544 to be done through the Secondary Roads Fund. The State of Iowa will reimburse the County for 80% of the project once it is completed.

(16) Subsequent Events

In July 2014, the Board of Supervisors approved a contract for construction of a new County shop at Little Rock shop construction for \$370,732. The cost of this shop will be paid by the Secondary Roads Fund.

In September 2014, the Board of Supervisors approved several contracts with several contractors for repair projects and debris removal needed due to the June 2014 flooding in Lyon County. Payments made on these contracts are approximately \$1,750,000, paid from the Secondary Roads Fund. The County expects to be reimbursed by Federal Emergency Management (FEMA) and Iowa Department of Homeland Security for a portion of the repair and clean up costs incurred as a result of the flood.

In November 2014, the Board of Supervisors approved an internal advance from the Secondary Roads Fund to the Tax Increment Financing Fund of \$421,000 to support bridge construction and highway improvements. This internal fund loan will be satisfied in fiscal year 2015/2016 upon collection of tax increment financing revenues.

(17) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

(18) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

Lyon County

Required Supplementary Information

Lyon County

**Budgetary Comparison Schedule of
Receipts, Disbursements and Changes in Balances–
Budget and Actual (Cash Basis) – All Governmental Funds**

Required Supplementary Information

Year Ended June 30, 2014

	Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
Receipts:				
Property and Other County Tax	\$ 7,362,905	7,399,850	7,399,850	(36,945)
Interest and Penalty on Property Tax	25,081	19,070	19,070	6,011
Intergovernmental	5,014,013	4,576,318	4,852,954	161,059
Licenses and Permits	65,782	74,725	74,725	(8,943)
Charges for Service	927,859	755,680	779,680	148,179
Use of Money and Property	142,533	151,590	151,590	(9,057)
Miscellaneous	271,298	180,289	202,064	69,234
Total Receipts	<u>13,809,471</u>	<u>13,157,522</u>	<u>13,479,933</u>	<u>329,538</u>
Disbursements:				
Public Safety and Legal Services	2,830,918	2,931,885	2,935,585	104,667
Physical Health and Social Services	783,180	968,529	985,129	201,949
Mental Health	376,071	556,087	556,087	180,016
County Environment and Education	972,028	925,594	1,054,795	82,767
Roads and Transportation	4,989,651	4,627,990	5,080,990	91,339
Governmental Services to Residents	472,197	486,454	495,484	23,287
Administration	1,085,996	1,082,763	1,110,953	24,957
Non-Program Current	89,923	88,930	93,221	3,298
Debt Service	243,022	243,123	243,123	101
Capital Projects	890,108	825,000	1,003,545	113,437
Total Disbursements	<u>12,733,094</u>	<u>12,736,355</u>	<u>13,558,912</u>	<u>825,818</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	1,076,377	421,167	(78,979)	1,155,356
Other Financing Sources, Net	<u>60,438</u>	<u>2,000</u>	<u>2,000</u>	<u>58,438</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	1,136,815	423,167	(76,979)	1,213,794
Balance Beginning of Year	<u>5,926,430</u>	<u>5,222,156</u>	<u>5,222,156</u>	<u>995,574</u>
Balance End of Year	<u><u>\$ 7,063,245</u></u>	<u><u>5,645,323</u></u>	<u><u>5,145,177</u></u>	<u><u>2,209,368</u></u>

See accompanying independent auditor's report.

Lyon County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year Ended June 30, 2014

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 13,809,471	11,544	13,821,015
Expenditures	12,733,094	(364,963)	12,368,131
Net	1,076,377	376,507	1,452,884
Other Financing Sources, Net	60,438	0	60,438
Beginning Fund Balances	5,926,430	1,061,843	6,988,273
Ending Fund Balances	\$ 7,063,245	1,438,350	8,501,595

See accompanying independent auditor's report.

Lyon County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2014

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except the Internal Service Fund and the Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program current, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund (when applicable). Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted receipts by \$322,411 and budgeted disbursements by \$822,557. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission. These budgets may also be amended during the year utilizing similar statutorily prescribed procedures.

During the year ended June 30, 2014, disbursements did not exceed the amount budgeted for any function or the amount appropriated for any department.

Lyon County

Schedule of Funding Progress for the Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	0	\$ 81,273	81,273	0.00%	3,243,687	2.5%
2011	Jul 1, 2009	0	81,273	81,273	0.00%	3,453,055	2.4%
2012	Jul 1, 2009	0	81,273	81,273	0.00%	3,518,039	2.3%
2013	Jul 1, 2012	0	452,697	452,697	0.00%	3,454,701	13.1%
2014	Jul 1, 2012	0	452,697	452,697	0.00%	3,718,453	12.2%

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Lyon County

Supplementary Information

Lyon County
Combining Balance Sheet
Nonmajor Special Revenue Funds

June 30, 2014

	Special		
	Resource Enhancement and Protection	County Recorder's Records Management	Sheriff's Asset Forfeiture
Assets			
Cash, Cash Equivalents and Pooled Investments	\$ 42,845	14,525	30,516
Receivables:			
Accounts Receivable	0	0	0
Due from Agency Funds	0	711	0
Due from Other Governments	0	0	0
Total Assets	\$ 42,845	15,236	30,516
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$ 0	0	0
Due to Other Governments	0	0	1,618
Deferred Revenue:			
Other	0	0	0
Total Liabilities	0	0	1,618
Fund Balances:			
Restricted For:			
Other Purposes	42,845	15,236	28,898
Committed For:			
Economic Development Purposes	0	0	0
Unassigned	0	0	0
Total Fund Balances	42,845	15,236	28,898
Total Liabilities and Fund Balances	\$ 42,845	15,236	30,516

See accompanying independent auditor's report.

Schedule 1

Revenue					
CS Projects & Conservation Land Acquisition Trust	Well Closing Trust	Economic Development	County Attorney Incentive	Revolving Loans- Development Projects	Total
13,490	27,973	57,010	26,882	81,342	294,583
542	0	0	0	8,259	8,801
0	0	0	0	0	711
0	0	0	336	0	336
14,032	27,973	57,010	27,218	89,601	304,431
0	0	640	0	0	640
0	0	0	0	0	1,618
300	0	0	0	0	300
300	0	640	0	0	2,558
0	27,973	0	27,218	0	142,170
0	0	56,370	0	89,601	145,971
13,732	0	0	0	0	13,732
13,732	27,973	56,370	27,218	89,601	301,873
14,032	27,973	57,010	27,218	89,601	304,431

Lyon County

**Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds**

Year Ended June 30, 2014

	Resource Enhancement and Protection	County Recorder's Records Management	Sheriff's Asset Forfeiture
Revenues:			
Intergovernmental	\$ 13,520	0	0
Charges for Service	0	3,040	0
Use of Money and Property	96	35	0
Miscellaneous	0	0	17,466
Total Revenues	<u>13,616</u>	<u>3,075</u>	<u>17,466</u>
Expenditures:			
Operating:			
Public Safety and Legal Services	0	0	10,484
County Environment and Education	0	0	0
Governmental Services to Residents	0	2,200	0
Capital Projects	0	0	0
Total Expenditures	<u>0</u>	<u>2,200</u>	<u>10,484</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,616	875	6,982
Other Financing Sources:			
Operating Transfers In	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	13,616	875	6,982
Fund Balances Beginning of Year	<u>29,229</u>	<u>14,361</u>	<u>21,916</u>
Fund Balances End of Year	<u><u>\$ 42,845</u></u>	<u><u>15,236</u></u>	<u><u>28,898</u></u>

See accompanying independent auditor's report.

Schedule 2

CS Projects & Conservation Land Acquisition Trust	Well Closing Trust	Economic Development	County Attorney Incentive	Revolving Loans- Development Projects	Total
68,545	0	0	0	0	82,065
91,967	0	0	0	0	95,007
103	0	0	0	0	234
3,050	0	1,621	1,355	20,720	44,212
163,665	0	1,621	1,355	20,720	221,518
0	0	0	0	0	10,484
6,800	0	135,915	0	50,000	192,715
0	0	0	0	0	2,200
54,992	0	0	0	0	54,992
61,792	0	135,915	0	50,000	260,391
101,873	0	(134,294)	1,355	(29,280)	(38,873)
0	0	130,000	0	0	130,000
101,873	0	(4,294)	1,355	(29,280)	91,127
(88,141)	27,973	60,664	25,863	118,881	210,746
13,732	27,973	56,370	27,218	89,601	301,873

Lyon County

**Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds**

June 30, 2014

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash, Cash Equivalents and Pooled Investments:					
County Treasurer	\$ 0	1,852	92,851	77,272	4,395
Other County Officials	52,861	0	0	0	0
Flex Spending Plan	0	0	0	0	0
Receivables:					
Property Tax:					
Delinquent	0	9	1,303	375	21
Succeeding Year	0	209,515	319,428	9,180,041	525,523
Tax Increment Financing:					
Succeeding Year	0	0	0	0	0
Accounts	749	0	0	0	0
Due from Other Agency Fund	0	0	0	0	0
Due from Other Governments	0	0	0	0	0
Inventories	1,630	0	563	0	0
Prepaid Expenses	0	0	315	0	0
Total Assets	\$ 55,240	211,376	414,460	9,257,688	529,939
Liabilities					
Accounts Payable	\$ 0	0	706	0	0
Due to County's Governmental Funds	44,025	0	0	0	0
Due to Other Agency Fund	285	0	0	0	0
Due to Other Governments	9,353	211,376	399,017	9,257,688	529,939
Trusts Payable	1,577	0	0	0	0
Compensated Absences	0	0	14,737	0	0
Total Liabilities	\$ 55,240	211,376	414,460	9,257,688	529,939

See accompanying independent auditor's report.

Schedule 3

Corporations	Townships	Auto License and Use Tax	E911 Surcharge	E911 Operating	Emergency Management	Advance Tax Collections	Other	Total
26,562	2,750	300,402	169,536	8,008	24,964	82,644	9,652	800,888
0	0	0	0	0	0	0	0	52,861
0	0	0	0	0	0	0	5,476	5,476
0	16	0	0	0	0	0	0	1,724
2,351,098	316,057	0	0	0	0	0	2,510	12,904,172
348,882	0	0	0	0	0	0	0	348,882
0	0	0	14,104	0	29,650	0	0	44,503
0	0	0	0	0	0	0	285	285
0	0	0	23,487	0	15,342	0	0	38,829
0	0	0	0	0	0	0	0	2,193
0	0	0	0	0	0	0	0	315
2,726,542	318,823	300,402	207,127	8,008	69,956	82,644	17,923	14,200,128
0	0	0	1,869	0	(455)	0	0	2,120
0	0	11,360	0	0	0	0	0	55,385
0	0	0	0	0	0	0	0	285
2,726,542	318,823	289,042	205,258	8,008	70,411	0	7,020	14,032,477
0	0	0	0	0	0	82,644	10,903	95,124
0	0	0	0	0	0	0	0	14,737
2,726,542	318,823	300,402	207,127	8,008	69,956	82,644	17,923	14,200,128

Lyon County

**Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds**

Year Ended June 30, 2014

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Balances Beginning of Year	\$ 75,337	204,807	408,907	8,611,723	485,604
Additions:					
Property and Other County Tax (Including TIF)	0	210,011	321,393	8,854,694	526,706
E911 Surcharge/State Wireless	0	0	0	0	0
State Tax Credits	0	9,964	13,427	411,664	23,646
Intergovernmental Replacements, Grants and Revenues	0	87	117	3,497	205
Contribution from Lyon County	0	0	0	0	0
Office Fees and Collections	310,272	0	241	0	0
Electronic Transaction Fee	0	0	0	0	0
Auto & Drivers Licenses, Use Tax and Postage	0	0	0	0	0
Interest	27	0	0	0	0
Assessments	0	0	0	0	0
Trusts	16,190	0	0	0	0
Donation	0	0	0	0	0
Reimbursement - Hazmat Damages	0	0	0	0	0
Miscellaneous	0	0	0	0	0
Total Additions	326,489	220,062	335,178	9,269,855	550,557
Deductions:					
Agency Remittances:					
To County Funds/Other Agency Funds	140,049	0	57,440	0	0
To Other Governments	190,855	213,493	272,185	8,623,890	506,222
Trusts Paid Out	15,682	0	0	0	0
Total Deductions	346,586	213,493	329,625	8,623,890	506,222
Balances End of Year	\$ 55,240	211,376	414,460	9,257,688	529,939

See accompanying independent auditor's report.

Schedule 4

Corporations	Townships	Auto License and Use Tax	E911 Surcharge	E911 Operating	Emergency Management	Advance Tax Collections	Other	Total
2,775,670	295,153	240,221	163,873	8,008	56,426	90,240	15,441	13,431,410
2,691,095	316,141	0	0	0	0	0	2,514	12,922,554
0	0	0	152,363	0	0	0	0	152,363
157,309	12,700	0	0	0	0	0	113	628,823
2,566	69	0	0	0	15,342	0	1	21,884
0	0	0	0	0	44,532	0	0	44,532
0	0	0	0	0	0	0	0	310,513
0	0	0	0	0	0	0	3,037	3,037
0	0	3,731,061	0	0	0	0	0	3,731,061
0	0	0	393	0	0	0	1	421
0	0	0	0	0	0	0	44,078	44,078
0	0	0	0	0	0	378,302	82,970	477,462
0	0	0	0	0	29,650	0	0	29,650
0	0	0	0	0	704	0	0	704
0	0	0	392	0	98	0	0	490
2,850,970	328,910	3,731,061	153,148	0	90,326	378,302	132,714	18,367,572
0	0	144,725	5,000	0	2,794	0	0	350,008
2,900,098	305,240	3,526,155	104,894	0	74,002	0	48,940	16,765,974
0	0	0	0	0	0	385,898	81,292	482,872
2,900,098	305,240	3,670,880	109,894	0	76,796	385,898	130,232	17,598,854
2,726,542	318,823	300,402	207,127	8,008	69,956	82,644	17,923	14,200,128

Lyon County
Schedule of Revenues by Source and Expenditures by Function –
All Governmental Funds
For the Last Ten Years

	Modified Accrual Basis			
	2014	2013	2012	2011
Revenues:				
Property and Other County Tax	\$ 6,057,819	5,843,719	5,443,083	4,876,829
Local Option Sales Tax	569,653	616,018	716,701	506,400
Hotel/Motel Tax	150,007	111,806	133,182	0
Tax Increment Financing	580,480	335,741	80,478	34,573
Interest and Penalty on Property Tax	25,082	22,984	21,567	24,040
Intergovernmental	5,045,593	4,697,199	5,291,886	6,338,486
Licenses and Permits	61,865	62,559	77,845	71,427
Charges for Service	923,743	866,816	940,095	831,945
Use of Money and Property	144,278	135,751	141,876	156,496
Miscellaneous	262,495	275,536	361,804	421,700
Total	\$ 13,821,015	12,968,129	13,208,517	13,261,896
Expenditures:				
Operating:				
Public Safety and Legal Services	\$ 2,838,112	3,057,014	2,788,242	2,782,976
Physical Health and Social Services	784,421	818,020	783,744	793,614
Mental Health	331,318	426,553	1,054,644	1,108,429
County Environment and Education	1,007,684	827,644	767,823	709,847
Roads and Transportation	4,770,338	3,995,491	4,767,489	5,034,748
Governmental Services to Residents	468,680	535,107	475,670	419,614
Administration	1,070,505	1,110,242	1,088,565	988,381
Non-Program Current	85,632	85,741	80,478	105,742
Debt Service	243,022	242,323	241,523	242,866
Capital Projects	768,419	827,606	1,458,493	1,163,223
Total	\$ 12,368,131	11,925,741	13,506,671	13,349,440

See accompanying independent auditor's report.

Modified Accrual Basis					
2010	2009	2008	2007	2006	2005
4,411,208	4,057,468	3,923,669	3,894,317	3,733,047	3,539,313
461,496	466,114	442,135	453,163	383,787	389,263
0	0	0	0	0	0
28,097	27,130	17,915	17,213	14,797	14,190
22,061	19,766	19,218	22,041	19,738	17,152
5,191,837	5,143,744	4,731,502	4,609,589	4,335,191	4,287,056
68,272	59,212	47,818	49,094	47,705	41,479
773,429	763,311	766,261	699,946	581,167	575,013
182,685	213,890	291,628	311,459	245,570	181,556
60,018	138,376	91,996	208,452	119,583	48,906
11,199,103	10,889,011	10,332,142	10,265,274	9,480,585	9,093,928
2,572,767	2,461,084	2,234,702	2,134,146	1,967,122	1,735,753
785,963	758,292	744,482	685,546	625,689	577,077
1,007,259	1,017,862	1,069,718	985,661	914,771	929,935
713,793	745,926	692,411	660,724	487,539	436,917
3,424,984	3,900,660	3,174,767	3,452,833	3,393,828	3,085,781
419,591	451,162	377,071	335,089	443,417	321,632
896,744	855,233	875,240	803,685	752,959	714,501
28,097	27,130	17,915	17,213	14,797	16,190
279,673	252,685	280,383	286,239	287,438	279,527
139,202	816,779	97,793	451,859	845,786	636,410
10,268,073	11,286,813	9,564,482	9,812,995	9,733,346	8,733,723

Lyon County

**Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial
Statements Performed in Accordance with
*Government Auditing Standards***

DE NOBLE, AUSTIN & COMPANY PC

Certified Public Accountants

MEMBERS

111 S. Story Street
Rock Rapids, IA 51246
www.denoblepc.com

American Institute - Certified Public Accountants
Private Companies Practice Section
Iowa Society - Certified Public Accountants

Phone : (712) 472-2549
Fax : (712) 472-2540
Email : cpas@denoblepc.com

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Officials of Lyon County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lyon County, Iowa, as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 16, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lyon County's internal control over financial reporting to determine the audit of the financial statements, procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lyon County's internal control. Accordingly, we do not express an opinion on the effectiveness of Lyon County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as items 14-A, C, D, F, G, H, J, K and L to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as items 14-B, E and I to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lyon County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Lyon County's Responses to Findings

Lyon County's responses to findings identified in our audit are described in the accompanying Schedule of Findings. Lyon County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Lyon County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

De Noble, Austin & Company PC

De Noble & Company PC
d/b/a De Noble, Austin & Company PC
Certified Public Accountants

February 16, 2015

Lyon County
Schedule of Findings

Lyon County
Schedule of Findings
Year Ended June 30, 2014

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

14-A Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, also assists in maximizing the accuracy of the County's financial statements. We noted a lack of segregation of duties (incompatible duties, from a control standpoint, are being performed by the same employee) over financial transactions, recordkeeping, reconciling functions and financial reporting in several offices. This comment also applies, as applicable, to the County Assessor, County Extension, Emergency Management and E911.

Recommendations – The following recommendations should be considered to improve the segregation of duties within the various offices of the County:

- a) All cash receipts should be handled by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The list should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to supporting receipt documentation that should be retained, to the cash receipt records and to the actual deposit made by an independent person.
- b) Bank accounts should be reconciled and reviewed promptly at the end of each month by individuals who do not sign checks, handle currency or record cash/checks.
- c) A person in the office who has no responsibility for custody of investments should periodically inspect investments, verify County ownership of investments, and reconcile documents to the investment records.
- d) Supplies and fixed assets ordered should be received by someone other than the person who initiated the order. The person responsible for making sure that all items ordered are received and the proper amounts are charged should be separate from the purchasing and cash disbursement functions.
- e) Authorization of transactions, handling of source documents, custody of assets and the responsibility for long-term debt recordkeeping should be segregated. The persons who are responsible for cash disbursements should be segregated from ledger entry in the accounting records.
- f) Payroll recordkeeping (including compensated absences) should be done by persons who are independent of the payroll disbursement functions. The payroll should be verified by independent individuals. Only individuals who are independent of the payroll (including payroll disbursements) process should have access to change the payroll rates.

**Lyon County
Schedule of Findings
Year Ended June 30, 2014**

- g) Reconciliations and investigations of unusual reconciling items in the accounting records should be reviewed and approved by a person who is not responsible for receipts and disbursements.
- h) Billings for services, the recordkeeping of accounts receivable and other receivables, and the handling of receipts should be segregated. The billing rates being charged should be verified by independent individuals on a regular basis.
- i) Checks should be signed by an individual who does not otherwise participate in the preparation of the checks. Prior to signing, the checks and the supporting documentation should be reviewed for propriety. After signing, the checks should be mailed without allowing them to return to individuals who prepare the checks or approve payment. Dual signatures should be required on all checks. Procedures need to be established to ensure that both of the individuals whose signature is on the check have reviewed the supporting documentation for the check and approve issuing the check.

We realize that with a limited number of office employees, segregation of duties is difficult. However, each official or person in-charge should review the operating procedures of his or her office to obtain the maximum internal control possible under the circumstances. The official or person in-charge should utilize current personnel in their office or from another office to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons, to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review.

Response – We will have each office evaluate these recommendations. We will continue to attempt to consider strategies which would allow us to implement each of the recommendations as economically practicable within each office.

Conclusion – Response accepted. It is important that you attempt to implement these recommendations.

14-B Accounting Procedures Manual – The County does not have updated accounting procedures manuals for all aspects of the County's accounting systems (primarily some of the individual offices).

Recommendation – Updated accounting procedures manuals should be prepared and implemented for all aspects of the County's accounting systems.

Response – We will stress the need for each applicable office work to create a written accounting procedures manual for their office's accounting system.

Conclusion – Response accepted. Please do attempt to have each appropriate office work on this.

**Lyon County
Schedule of Findings
Year Ended June 30, 2014**

14-C Capital Assets – There is not a yearly independent inventory taken of capital assets. Capital assets are not being marked for identification purposes.

Recommendation – On a yearly basis, an independent person should be responsible for verifying the existence of the capital assets under each office's control. Any capital assets disposed of or sold should be adequately documented. Capital assets should be marked for identification purposes to assist in the existence and accountability functions.

Response – We will continue to stress the need for security over capital assets until we can get your recommendation implemented.

Conclusion – Response accepted. Please attempt to begin working on implementing this recommendation.

14-D Job Rotations – Financial personnel's duties are not always rotated for a period of time each fiscal year.

Recommendation – The County should consider the need for financial personnel to annually take a minimum amount of vacation time and each person's duties should be done by another employee when a person is on vacation. Employees should be cross-trained to be able to perform a fellow employee's duties.

Response – We will have each office work on making sure its personnel are rotating duties and being cross-trained.

Conclusion – Response accepted. Please do have each office attempt to implement this recommendation.

14-E Usage of County Vehicles – When using County credit cards for fueling, the vehicle's identification and the mileage at the time of fueling are not always noted on the credit card receipt. Vehicle/machinery mileage logs are not always being maintained and being compared to fuel consumption on a regular basis.

Recommendation – Per the County's employee handbook, when using County credit cards for fueling, the vehicle's identification and the mileage at the time of fueling should be noted on the credit card receipt. Mileage and fuel logs should be maintained on each vehicle/piece of machinery and tested against the fuel charged to each vehicle/piece of machinery to verify reasonableness of mileage per gallon. Each department needs to develop procedures to ensure this handbook policy is implemented.

Response – We will stress to each of the appropriate departments the need to comply with the handbook policy and implement your recommendation.

Conclusion – Response accepted. Please make sure the appropriate departments do develop procedures to implement this recommendation.

**Lyon County
Schedule of Findings
Year Ended June 30, 2014**

14-F Information Systems – During our review of internal control, the existing control activities in the computer based systems were evaluated in order to determine that activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The following weaknesses in the computer based systems were noted:

There are no written policies for:

- automatic log-off provisions in certain offices when left unattended for a period of time. Upon log-off, the user should have to again enter a password to re-access information.
- requiring password changes on computers not connected to the mainframe because the software does not require the user to change log-ins/passwords periodically.
- requiring the password to use multiple characters on the keyboard.
- requiring special passwords to change pay rates.

Recommendation – Written policies should be developed addressing the above provisions in order to improve the control over computer based system procedures.

Response – We will address these computer related issues with each of the individual offices and our software providers to ensure all procedures are implemented.

Conclusion – Response accepted. Please do attempt to develop policies/procedures that implement these recommendations.

14-G Payroll Issues – Payroll time sheets are not always being signed/formally approved by the employee or the employee's supervisor. Also, there are several employees that do not complete time sheets.

We noted an inconsistency in how hours were reported on the day (June 2014) the major flooding occurred in Rock Rapids. There were several employees who were given paid-time off for time during this disaster, while other employees were not paid or required to use accrued compensated absences.

Recommendation – The County should consider the need to require all County personnel to prepare daily time sheets or time cards. All County time cards/sheets should have a signature line for the employee and the employee's direct supervisor that should be required to be completed before payroll is processed in order to attest to the accuracy of hours worked. The County should develop a policy for the treatment and payment of personnel hours during natural disasters.

Response – The Board of Supervisors will address the issue of everyone needing to complete time cards/sheets that are signed off by both the employee and the department head. The Board will also work on updating the personnel policy to address natural disaster related issues.

Conclusion – Response accepted.

Lyon County
Schedule of Findings
Year Ended June 30, 2014

- 14-H Inventory Records – Inventory records, particularly for gravel inventory, is not always reconciled to the year end physical count. Inventory records are not being monitored on a regular on-going basis.
- Recommendation – Inventory procedures and monitoring should be analyzed for ways to increase accuracy, controls and efficiency.
- Response – We will have the appropriate offices work on improving inventory procedures and related records.
- Conclusion – Response accepted. Please have each appropriate department start developing accurate inventory records immediately.
- 14-I Earned Comp Time – We noted a few exempt employees who received and utilized comp time during the year; however, according to the County’s employee policies/handbook, exempt employees are not eligible to earn comp time.
- Recommendation – An evaluation needs to be made to determine which employees are considered to be included in the exempt status as not eligible for comp time. It also needs to be clear in the employee handbook whether comp time is allowed to be earned by exempt employees in each department and clearly have legal counsel document why some exempt employees get comp time and other exempt employees do not in order to ensure the legality of this approach. The County needs to develop procedures to ensure all employee handbook policies are being followed.
- Response – We will work with legal counsel and the department heads to come up with a legally proper policy.
- Conclusion – Response accepted.
- 14-J Financial Reporting – During the audit, we identified material amounts of assets, liabilities, revenues and expenses/expenditures not recorded properly in the County’s financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.
- Recommendation – The County should implement procedures to ensure all assets, liabilities, revenues and expenses/expenditures are identified and included in the County’s financial statements. Management should be reviewing the financial records on a regular basis to help ensure the accuracy of the financial records.
- Response – We will review our procedures to identify areas where we can improve on our financial records.
- Conclusion – Response accepted. Please do review your procedures.

**Lyon County
Schedule of Findings
Year Ended June 30, 2014**

14-K Management Procedures – Based on findings during the audit, we identified that there appears to be a lack of oversight by management over developing internal control, compliance and antifraud procedures; monitoring existing procedures that are in place, operating properly to ensure the procedures are enforced; and communicating the County's expected ethics.

Recommendation – County management needs to establish policies and procedures that ensure effective internal control, compliance and antifraud procedures are in place and being monitored on a regular basis. County management also needs to communicate the County's expected ethics and hold County employees accountable to exhibit those expected ethics.

Response – We will continue to work on your recommendations in an attempt to re-establish a culture based on ethical behavior.

Conclusion – Response accepted. Please continue to actively address our recommendation.

14-L Confidential Law Enforcement Investigation Purposes – All cash funds and disbursements for confidential law enforcement investigation purposes were not under dual control. Written records of these funds were not reviewed regularly.

Recommendation – The County Attorney, or at least one other independent individual, and a law enforcement employee should cooperate and establish a system to administer all cash funds and disbursements for confidential law enforcement investigation purposes. The written records of these funds should be reviewed regularly by the County Attorney or another independent individual.

Response – We will have the Sheriff's Office and County Attorney address how this can be accomplished.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Lyon County
Schedule of Findings
Year Ended June 30, 2014

Part II: Other Findings Related to Required Statutory Reporting:

- 14-1 Certified Budget – Disbursements during the year ended June 30, 2014 did not exceed the amount budgeted for any function or the amount appropriated for any department.
- 14-2 Questionable Expenditures – Certain expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented. These expenditures are detailed as follows:

We noted several meal expense reimbursements to employees that did not have the proper support retained.

According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and improper purpose is very thin.

Recommendation – The Board of Supervisors should determine and document the public purpose served by these expenditures before authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including requirements for proper documentation. All disbursements, including credit card charges/employee meal charges, should be supported by an actual receipt/invoice that supports the charge in detail (a credit card slip with no detailed support is insufficient), and be properly documented as to the public purpose of the expenditure.

Response – We will address your recommendation and take appropriate actions.

Conclusion – Response accepted. It is important that these issues are addressed.

- 14-3 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted. However, please see "Other Findings Related to Required Statutory Reporting: 14-2" for a possible related comment.
- 14-4 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Deep Clean Inc., Jennifer Smit's Husband is a Shareholder, County Auditor	Custodial services	\$ 13,000
Todd Reinke, Owner of Todd's True Value, Conservation Board Member	Supplies	1,171

**Lyon County
Schedule of Findings
Year Ended June 30, 2014**

A & R Snow Removal, Roberta Flier's Husband is the Owner, Dispatcher	Snow removal	3,071
Corey Heimensen, Husband of Heather Heimensen, Crime Victim Witness Coordinator	Rent (Veterans Affairs)	1,800
Rapid Flooring, LuAnn Serck's Husband is an Owner, Dispatcher	Carpet	5,495
Stewart Construction, Inc., Leigh Stewart's Husband is a Shareholder, Jailer	Glass Doors, installation	1,700
Ageson Trees, Robert Ageson's brother is the Owner, Secondary Roads	Trees for Conservation	1,350
Vicki Slack, Wife of Dale Slack, Ambulance	Ambulance Laundry	1,475

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with Todd's True Value, Ageson Trees and Vicki Slack do not appear to represent conflicts of interest since the total transactions were less than \$1,500 during the fiscal year. The transactions with Deep Clean Inc., Rapid Flooring, Stewart Construction, Inc., and A & R Snow Removal do not appear to represent conflicts of interest since the transactions were entered into through competitive bidding. The transactions with Corey Heimensen do not appear to represent conflicts of interest due to the Veterans Affairs director is employed by Corey Heimensen and conducts Veterans Affairs business at Mr. Heimensen's office.

14-5 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of surety bond coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

14-6 Board Minutes – We noted one instance where a handwritten check was not included in the minutes as formally approved. Additionally, we noted two instances where the Board minutes were not published until 44 and 51 days after the Board meeting.

Recommendation – The County should implement procedures to ensure that all checks are properly approved in the Board minutes and requirements for proper and timely publishing of Board minutes is completed in accordance with Chapter 394.18 of the Iowa Code.

Response – We will implement procedures to be in accordance with Iowa Code requirements of having all checks approved by the Board in the minutes and making sure all minutes are published timely.

Conclusion – Response accepted.

**Lyon County
Schedule of Findings
Year Ended June 30, 2014**

14-7 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

14-8 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

14-9 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2014 for the County Extension Office did not exceed the amount budgeted.

The County Extension needs to review Part I: “Findings Related to the Financial Statements – Internal Control Deficiencies” for reportable conditions that relate to the Extension or could improve the Extension’s internal control.

The Extension has adopted a written policy where full time employees can get up to \$2,000 annually towards health insurance but this policy does not authorize any medical spending plan reimbursements. The Extension actually allows for employees to get up to the \$2,000 maximum by using a combination of health insurance premiums and medical spending plan reimbursements.

At June 30, 2014, two employees carried over accrued paid time off over the maximum allowed by the personnel policy. Additionally, we noted an incorrect rate was used to calculate an employee’s accrued paid time off.

Recommendations – The Extension should ensure that personnel policies and actual procedures being followed correspond. The Extension needs to approve a formal flex medical spending plan if plans are to continue the existing practice. Additionally, procedures should be implemented to ensure that accruals for paid time off are correctly calculated and maximum allowable carryover of paid time off is not exceeded. .

Response – We will implement your recommendations.

Conclusion – Response accepted.

14-10 Urban Renewal Annual Report – The County’s urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

**Lyon County
Schedule of Findings
Year Ended June 30, 2014**

- 14-11 TIF Certification – The Auditor’s Office is responsible for monitoring TIF development agreements. We noted one company which did not submit one of the required semi-annual certification documentation demonstrating that all covenants were being performed in compliance with the TIF development agreement..
- Recommendation – The County should implement procedures to ensure that all requirements of TIF development agreements are being met before submission of TIF collections are made available to the recipients.
- Response – We will implement this recommendations.
- Conclusion – Response accepted.
- 14-12 Deficit Fund Balances – There was a deficit fund balance of \$440,000 noted in the County Tax Increment Financing Fund at June 30, 2014.
- Recommendation – The County should implement procedures to monitor fund balances in order to avoid deficit fund balances.
- Response – We will implement this recommendation. TIF collections are going to be used to eliminate the County Tax Increment Financing Fund deficit.
- Conclusion – Response accepted.
- 14-13 Auditor’s Duties – Under Iowa Code Chapter 331.508, the County auditor shall keep a record book of the names and addresses of persons receiving veteran’s assistance. However, the County Auditor does not maintain these records as written under Iowa Code Chapter 331.508 based on the Auditor’s Office interpretation that the requirements under Iowa Code Chapter 35B.10 governing Veteran’s Affairs overrules the requirements in Iowa Code Chapter 331.508.
- Recommendation – The County Auditor should consult legal counsel regarding the interpretation of these Iowa Code statutes and work with the Veteran’s Affairs to ensure the Iowa Code requirements are being properly followed.
- Response – We will work with legal counsel on determining which Iowa Code Section should be followed.
- Conclusion – Response accepted.
- 14-14 E911 Service Board Budget – The November 5, 2013 amendment to the Joint E911 Service Board’s fiscal year July 1, 2013 to June 30, 2014 Surcharge Fund budget was not prepared properly. The budget amendment did not indicate the fund being amended and listed the amount being changed by the individual line item rather than by the fund total.

Lyon County
Schedule of Findings
Year Ended June 30, 2014

Recommendation – The Iowa Department of Management and the Iowa Department of Public Defense/Emergency Management Division should be informed of the improperly prepared amended budget. Care should be taken when preparing future Joint E911 Service Board budget amendments in order to ensure the fund being amended is listed and the amount being changed is reported by fund total rather than a per individual line basis.

Response – We will contact the appropriate State of Iowa Departments and will use due diligence in preparing future budget amendments to make sure any amendments are accurately prepared.

Conclusion – Response accepted.

Lyon County

Staff

This audit was performed by:

David De Noble, CPA, Senior Auditor
Carmen Austin, CPA, Senior Auditor
Kayla Reck, Assistant Auditor
Nathan Hoekstra, Assistant Auditor

De Noble & Company PC
d/b/a De Noble, Austin & Company PC
Certified Public Accountants